

**EMERY WATER CONSERVANCY DISTRICT**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

**EMERY WATER CONSERVANCY DISTRICT  
TABLE OF CONTENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>PAGE</u>
<b><u>OPINION</u></b>	
Independent Auditor's Report	1-2
<b><u>MD&amp;A</u></b>	
Management's Discussion and Analysis	3-8
<b><u>BASIC FINANCIAL STATEMENTS</u></b>	
<b>Government-Wide Financial Statements</b>	
EXHIBIT A Statement of Net Assets - Proprietary Funds	9-10
EXHIBIT B Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	11-12
EXHIBIT C Statement of Cash Flows	13
Notes to Financial Statements	14-27
<b><u>REPORTS ACCORDING TO GOVERNMENT AUDITING STANDARDS</u></b>	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Govern- ment Auditing Standards	28-29
<b><u>SUPPLEMENTAL STATE COMPLIANCE</u></b>	
Report on Legal Compliance with Applicable Utah State Laws and Regulations	30-31

# SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

Phone (435) 637-1203 • FAX (435) 637-8708

CRAIG G. SMUIN, C.P.A.  
R. KIRT RICH, C.P.A.  
GREG MARSING, C.P.A.  
DOUGLAS RASMUSSEN, C.P.A.

## MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

### INDEPENDENT AUDITORS' REPORT

Board of Directors  
Emery Water Conservancy District  
Castle Dale, Utah 84513

We have audited the accompanying financial statements of the business-type activities of Emery Water Conservancy District as of and for the year then ended December 31, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Emery Water Conservancy District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

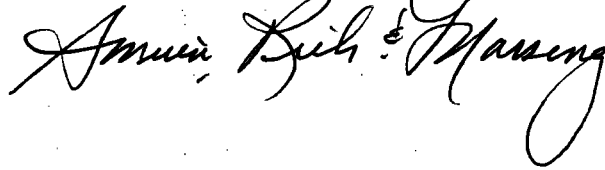
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Emery Water Conservancy District as of December 31, 2006 and the respective changes in financial position and cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Governmental Auditing Standards, we have also issued our report dated May 31, 2007 on our consideration of Emery Water Conservancy District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

SMUIN, RICH & MARSING

A handwritten signature in cursive script that reads "Amun, Rich & Marsing". The signature is written in dark ink and is positioned below the printed name "SMUIN, RICH & MARSING".

Price, Utah

May 31, 2007

**EMERY WATER CONSERVANCY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

---

Our discussion and analysis of Emery Water Conservancy District's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2006.

**FINANCIAL HIGHLIGHTS**

- ❖ The District's net assets increased \$210,254 as a result of this year's operations. This is a 2.55 percent increase in the net assets as compared to the prior year.
- ❖ The District's business-type activity, operating revenues were \$809,629 and operating expenses were \$696,966. Non-operating net revenues were \$97,591.
- ❖ The District was awarded a federal grant in the amount of \$227,910 for the period August 2, 2004 through October 31, 2006 for canal and reservoir automation. As of December 31, 2006 the District had used \$204,648 of these funds.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets; Statement of Revenues, Expenses and Changes in Fund Net Assets; and Statement of Cash Flows, pages 9 through 13, provide information about the activity of the District as a whole and present a longer-term view of the District's finances. Since the District is operated as an enterprise fund, there are no fund statements presented because all operations of the District are reported using the accrual method of accounting.

**REPORTING THE DISTRICT AS A WHOLE**

Our analysis of the District as a whole begins on page 9. The Statement of Net Assets and Statement of Revenues, Expenses and Changes in Fund Net Assets report information about the District as a whole and about its activities in a way that helps determine if the District is better or worse off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. Net assets equal the difference between assets and liabilities. This is one way to measure the District's financial position. Increases or decreases in the District's net assets are one indicator of whether the financial position of the District is improving or deteriorating. You will need to consider other non-financial factors, such as the condition of the Joe's Valley and North Huntington Dams and water distribution system to assess the overall health of the District.

In the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Fund Net Assets, the District shows all of its activities in one fund.

- ❖ Business-type activities – The District charges assessments to customers for use of water services provided to them. The District also assesses taxes to residents in the District. These fees and taxes cover debt service costs and all or most of the cost of services associated with providing water services.

## REPORTING THE DISTRICT'S SIGNIFICANT FUND

The District has only one fund, which accounts for the activity of the District. The entity-wide financial statements begin on page 9 and provide detailed information about the operations of the District as a whole. The District's only fund is operated as an enterprise fund. Enterprise funds are reported using an accounting method called accrual accounting, which records expenses when they are incurred and records revenues when they are earned. The District does not have any governmental type funds.

## THE DISTRICT AS A TRUSTEE

The District does use and monitor certain property of the United State Bureau of Reclamation such as dams, reservoirs and buildings.

## THE DISTRICT AS A WHOLE

Net assets of the District changed by \$210,254 from a year ago, increasing from \$8,241,598 to \$8,451,852. The following analysis focuses on the net assets (Table 1) and changes in net assets (Table 2) of the District's business-type activity.

**Table 1**  
**Net Assets**

	<b>Business-type Activities</b>	
	<b>2005</b>	<b>2006</b>
Current and other assets	\$ 914,764	\$ 870,164
Capital assets	8,830,256	8,920,241
Total assets	<u>\$ 9,745,020</u>	<u>\$ 9,790,405</u>
Long-term debt outstanding	\$ 1,321,597	\$ 1,174,221
Other liabilities	181,825	164,332
Total liabilities	<u>\$ 1,503,422</u>	<u>\$ 1,338,553</u>
Net assets:		
Invested in capital assets, net of debt	\$ 7,364,325	\$ 7,598,644
Restricted	214,335	174,631
Unrestricted	662,938	678,577
Total net assets	<u><u>\$ 8,241,598</u></u>	<u><u>\$ 8,451,852</u></u>

Net Assets of the District are \$8,451,852. *Unrestricted* net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—is \$678,577. These net assets are used to finance the continuing operations of providing municipal, industrial and irrigation water services to citizens within the District's boundaries.

**Table 2**  
**Changes in Net Assets**

	<b>Business-type Activities 2005</b>	<b>Business-type Activities 2006</b>
<b>Revenues</b>		
Program Revenues:		
Charges for services	\$ 198,413	\$ 198,413
Capital grants and contributions	309,152	92,981
General Revenues:		
Property taxes	556,542	611,216
Other general revenues	18,603	28,815
<b>Total revenues</b>	<b>\$ 1,082,710</b>	<b>\$ 931,425</b>
<b>Program expenses</b>		
Culinary Water:		
Salaries and fringe	\$ 136,455	\$ 134,342
Materials and supplies	48,044	41,941
Contract services	21,781	29,031
Watershed management	151,547	173,813
Utilities	7,520	8,002
Insurance	63,797	69,704
Interest expense	27,197	24,205
Depreciation	151,287	210,163
Other	36,966	29,970
<b>Total expenses</b>	<b>\$ 644,594</b>	<b>\$ 721,171</b>
<b>Change in net assets</b>	<b>\$ 438,116</b>	<b>\$ 210,254</b>
<b>Net assets - beginning</b>	<b>\$ 7,803,482</b>	<b>\$ 8,241,598</b>
<b>Net assets - ending</b>	<b>8,241,598</b>	<b>8,451,852</b>
<b>Change in net assets</b>	<b>\$ 438,116</b>	<b>\$ 210,254</b>

## BUDGETARY HIGHLIGHTS

Over the course of the year, the Board amended the District's budget one time. This was due to expectation of additional charges for services and grant money received and expended above that which had originally been budgeted.

Since the District operates as an enterprise fund, it is only required to comply with the budget on an entity wide basis. With one budget adjustment, the actual revenues received and charges to expenses were below the final budget amounts. This positive variance occurred because some watershed management projects planned during the year did not take place.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2006, the District had net capital assets under management of \$8,920,241 in a broad range of capital assets, including water rights, land, equipment, buildings, water dam facilities and delivery systems. (See Table 3 below).

**Table 3**  
**Capital Assets at Year-end**  
**(Net of Depreciation)**  
**2006**

	<b>Business-type Activities</b>	
	<b>2005</b>	<b>2006</b>
Water rights:		
Irrigation	\$ 2,295,383	\$ 2,295,383
Municipal	136,875	136,875
Industrial	5,519,805	5,519,805
Land	78,163	78,163
Buildings	15,400	13,665
Building improvements	7,940	6,442
Land improvements	132,340	310,457
Equipment	644,350	554,451
Work in progress		5,000
Net capital assets	<u>\$ 8,830,256</u>	<u>\$ 8,920,241</u>



## Capital Assets (Continued)

This year's major additions included:

Equipment	
Paid with District funds	\$ 35,744
CCH Canal Lining Project	
Paid with District funds	196,602
Canal and Reservoir automation	
Paid with grant funds	<u>62,801</u>
	<u>\$ 295,147</u>

The District's fiscal year 2007 capital budget calls for it to spend approximately \$150,000 for capital projects, principally for the completion of canal automation equipment.

## Debt

At year-end, the District had \$1,321,597 in debt outstanding. This is a decrease of \$144,334 from last year's outstanding balance. The debt is shown in Table 4.

**Table 4**  
**Outstanding Debt at Year-End**  
**2006**

	<b>Business-type Activities</b>	
	<b>2005</b>	<b>2006</b>
Industrial Obligation	\$ 746,382	\$ 649,115
Irrigation Obligation	644,457	601,891
Municipal Obligation	<u>75,092</u>	<u>70,591</u>
Debt outstanding	<u>\$ 1,465,931</u>	<u>\$ 1,321,597</u>

The debt obligations listed above were incurred to secure the right to use available water for industrial, municipal culinary and farm and second irrigation purposes. The repayment of these obligations are funded by assessments charged by the District to PacifiCorp, a utility company, irrigation water companies, and municipalities. Assessments paid to the District are then remitted to U.S. Department of Interior to satisfy the outstanding obligations due to the government. More detailed information about the District's long-term liabilities is presented in Notes 3 & 7 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Emery County has experienced a slight increase in population over the past years. In 1990 the population was 10,322, and in 2000 it was 10,395. The estimated population for 2004 is 10,477. This is an increase of 1.50% from 1990.

The unemployment rate for Emery County was 10.3% in December of 2003 and 7.7% in December of 2004 for a percentage decrease of 2.52% for the year. The Utah state unemployment rate in December 2003 was 4.7% and 4.4% in 2004 for a decrease in the rate of .638%. It is expected that there will be very little growth or change in the Emery County property assessed valuation, which would have the largest effect on property tax revenues. The District's 2007 budget will be slightly lower than 2006 because federal grant revenues received in 2006 will not be funded in 2007.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Board Office at P.O. Box 998, Castle Dale, Utah 84513.

**EMERY WATER CONSERVANCY DISTRICT**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2006**

**BUSINESS-TYPE ACTIVITY**  
**ENTERPRISE FUND**

---

**WATER SYSTEM**

---

**ASSETS**

**Current Assets:**

Cash	\$ 17,739
Investments, at cost	648,470
Restricted assets:	
Investments, at cost	174,631
Taxes receivable	3,290
Due from other governments	26,034

Total current assets	\$ 870,164
----------------------	------------

**Noncurrent Assets:**

**Capital Assets:**

Land	\$ 78,163
Water rights -	
Irrigation	2,295,383
Industrial	136,875
Municipal	5,519,805
Buildings	52,030
Building improvements	22,475
Land improvements	410,226
Equipment	1,328,399
Work in progress	5,000
Less: accumulated depreciation	(928,115)

Total noncurrent assets	8,920,241
-------------------------	-----------

Total assets	\$ 9,790,405
--------------	--------------

"The accompanying notes are an integral part of this statement."

EMERY WATER CONSERVANCY DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2006

BUSINESS-TYPE ACTIVITY  
ENTERPRISE FUND

WATER SYSTEM

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 13,793
Payroll taxes payable	1,703
Utah State retirement payable	877
Compensated absences	583
Current portion long-term debt	147,376

Total current liabilities	\$ 164,332
---------------------------	------------

Long-Term Debt:

Note payable - Industrial obligation	\$ 548,885
Note payable - Irrigation obligation	559,325
Note payable - Municipal obligation	66,011

Total long-term debt	\$ 1,174,221
----------------------	--------------

Total liabilities	\$ 1,338,553
-------------------	--------------

Net Assets:

Investment in capital assets, net of related debt	\$ 7,598,644
Restricted	174,631
Unrestricted	678,577

Total net assets	\$ 8,451,852
------------------	--------------

"The accompanying notes are an integral part of this statement."

**EMERY WATER CONSERVANCY DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	BUSINESS-TYPE ACTIVITY ENTERPRISE FUNDS
	<u>WATER SYSTEM</u>
Operating Revenues:	
Assessments	\$ 198,413
Taxes	611,216
	<hr/>
Total operating revenue	\$ 809,629
	<hr/>
Operating Expenses:	
Salaries and benefits	\$ 119,959
Directors' fees	3,572
Professional services	10,290
Supplies and chemicals	34,473
Office supplies	7,468
Utilities	8,002
Travel/Conferences	7,059
Insurance	69,704
Depreciation	210,163
Wells measuring	9,345
Advertising	250
Gas, fuel & oil	11,315
Repairs and maintenance	83,922
Watershed Management	29,475
Drains and seed	2,491
Cloud seeding	5,120
Retirement	14,383
Contract labor	29,031
Salinity study	25,086
Dues and subscriptions	12,471
Miscellaneous	3,387
	<hr/>
Total operating expenses	\$ 696,966
	<hr/>
Operating Income/(Loss)	\$ 112,663
	<hr/>

"The accompanying notes are an integral part of this statement."

**EXHIBIT B**  
**(Continued)**

**EMERY WATER CONSERVANCY DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	BUSINESS-TYPE ACTIVITY	
	ENTERPRISE FUNDS	
	<u>WATER SYSTEM</u>	
Non-operating Revenues (Expenses)		
Interest income	\$	26,165
Interest expense		(24,205)
Miscellaneous income		2,650
Grants and contributions		92,981
		<hr/>
Total non-operating revenues (expenses)	\$	97,591
		<hr/>
Change in net assets	\$	210,254
		<hr/>
Total net assets - Beginning		8,241,598
		<hr/>
Total net assets - Ending	\$	8,451,852
		<hr/>

"The accompanying notes are an integral part of this statement."

**EMERY WATER CONSERVANCY DISTRICT**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2006**  
**INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS**

Cash flows from operating activities:		
Cash received from customers	\$ 198,413	
Cash payments to suppliers for goods and services	(387,290)	
Cash payments to employees for services	(120,048)	
Property tax revenue	<u>615,345</u>	
Net cash provided by operating activities		\$ 306,420
Cash flows from capital and related financing activities:		
Principal paid on obligations	\$ (144,334)	
Interest paid on obligations	(24,205)	
Acquisition of capital assets	(300,147)	
Grants and contributions received	77,459	
Miscellaneous income	<u>2,650</u>	
Net cash used by capital and related financing activities		(388,577)
Cash flow from investing activities:		
Interest on investments received	<u>\$ 26,165</u>	
Net cash provided by investing activities		<u>26,165</u>
Net decrease in cash and cash equivalents		\$ (55,992)
Cash and cash equivalents at beginning of year		<u>896,832</u>
Cash and cash equivalents at end of year		<u>\$ 840,840</u>

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating income (loss)		\$ 112,663
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$ 210,163	
Change in assets and liabilities:		
Decrease in accounts payable	(20,059)	
Decrease in accrued liabilities	(68)	
Decrease in compensated absences	(408)	
Decrease in taxes receivable	<u>4,129</u>	
Total adjustments		<u>193,757</u>
Net cash provided by operating activities		<u>\$ 306,420</u>

"The accompanying notes are an integral part of this statement."

**EMERY WATER CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES**

The financial statements of the Emery Water Conservancy District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

**A. Reporting Entity**

Emery Water Conservancy District is a special service district governed by a seven-member Board of Trustees. The financial statements of the District cover all financial activities over which the District has oversight responsibility. The basic criterion for including an entity, a board, or an agency in this report is the existence and exercise of financial accountability by the District Board. In addition to financial accountability, consideration has been given to financial interdependency, ability to designate management, ability to significantly influence operations, and accountability for fiscal matters. There are no other entities, boards or agencies that are required to be included in the District's financial statements. Emery Water Conservancy District is not a component unit of any other government.

**B. Government-Wide Financial Statements**

The government-wide financial statements consist of the statement of net assets, the statement of revenues, expenses and changes in fund net assets and the statement of cash flows. The District is considered a special-purpose government engaged only in business-type activities. It is classified as a proprietary fund type and operates as an enterprise fund. Enterprise funds are used to account for the operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that its costs of providing goods and services to the general public on a continuing basis, be financed or recovered primarily through user charges. An Enterprise fund may be used for any activities for which a fee is charged to external users of goods and services.

The function of the District is to oversee the management of the Joe's Valley Dam and delivery systems that carry industrial, irrigation, and municipal water to users. The District is also responsible for monitoring and recording the amount of water delivered to individual users. The financial statements of the District consist only of an enterprise fund and neither fiduciary funds nor component units that are fiduciary in nature are included.



1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Therefore, revenues are recognized in the accounting period in which they are earned and become measurable and expenses are recognized in the period incurred, if measurable.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government wide or proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for business-type activities, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first then unrestricted resources, as they are needed.

Amounts reported as program revenues include charges to customers or applicants for goods and services associated with water.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing operations. The principal operating revenues of the District are fees assessed to Municipalities, Irrigators and Industrial customers based on water rights they own and nature of use of these water rights, plus property taxes. Operating expenses for the District include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. **Capital Assets**

Capital assets, which include, land, water rights, buildings, building improvements, land improvements, and equipment are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

D. **Capital Assets (Continued)**

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the District is not included as part of the capitalized value of the assets constructed.

Buildings, improvements, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Building improvements	15
Land Improvements	15-30
Equipment	5-20

E. **Budget and Budgetary Accounting**

The District follows the budgetary practices and procedures required by State Law. These requirements are summarized as follows:

1. The District adopts a formal budget.
2. The budget is a complete financial plan, which identifies all estimated revenues and all appropriations for expenditures for the year.
3. On or before November 1st, the District Manager prepares a tentative budget and files it with the Board of Trustees.
4. The tentative budget is a public record and is available for public inspection for at least ten days prior to public hearings held to consider adoption of the budget.
5. Notice of the scheduled public hearings is published at least seven days prior to the meetings.
6. Public hearings are held on the tentatively adopted budget. Members of the public may comment on the budget and recommend changes to the Board of Trustees.
7. The Board of Trustees considers the comments made by the public and makes final adjustments to the budget.
8. By December 31st, the Board of Trustees adopts the budget by resolution. A copy of the budget is certified by the County Auditor and is filed with the State Auditor within thirty days of adoption. A certified copy of the budget is available for public inspection.
9. The budget may be amended to reflect changes in circumstances, which occur during the year.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Public Treasurers' Investment Fund (PTIF).

Investments are reported at fair value. The PTIF's reported value is basically the same as the fair value of the Fund's shares.

**G. Accounts Receivable**

Accounts receivable arise from charges to Municipalities, Irrigators and Industrial customers billed and uncollected at the end of the fiscal year. The District bills eight entities that are assessed fees based on water rights they own and nature of use of these water rights. These assessments are used to pay off debt incurred in building reservoir storage projects.

**H. Compensated Absences**

It is the District's policy to permit employees to accumulate earned but unused vacation. Employees may accumulate up to 20 days and will be paid for any accumulated unused vacation days upon termination.

2. **DEPOSITS AND INVESTMENTS**

Deposits and investing for the District is governed by the Utah Money Management Act (Utah Code, Title 51, Chapter 7) and rules of the State of Utah Money Management Council.

The District follows the requirements of the Utah Money Management Act (Utah Code, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of District funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

## **2. DEPOSITS AND INVESTMENTS (Continued)**

### **Deposits**

#### *Custodial Credit Risk*

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. At December 31, 2006, the District's bank balance of cash on deposit was \$79,751 of this amount all of it was insured.

### **Investments**

The Money Management Act defines the types of securities authorized as appropriate investments for the District and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the District to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer. The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, and Utah Code Annotated, 1953, as amended. The Act established the Money Management Council, which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses – net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

## 2. DEPOSITS AND INVESTMENTS (Continued)

As of December 31, 2006, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
State of Utah Public Treasurer's Investment Fund	\$ 823,101	\$ 823,101			
Total Investments	<u>\$ 823,101</u>	<u>\$ 823,101</u>	<u>\$ ...</u>	<u>\$ ...</u>	<u>\$ ...</u>

### *Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages this risk in part by investing in the Utah Public Treasurers Investment Fund. The District also manages its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptance, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years.

### *Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District has not adopted a formal policy with regards to credit risk on investments but the District informally follows the policy for reducing its exposure to credit risk is to comply with the State's Money Management Act as previously discussed.

2. **DEPOSITS AND INVESTMENTS (Continued)**

At December 31, 2006, the District had the following investments and quality ratings:

<u>Investment Type</u>	<u>Fair Value</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Unrated</u>
State of Utah Public					
Treasurer's Investment Fund	\$ 823,101				\$ 823,101
Total	\$ 823,101	\$ ...	\$ ...	\$ ...	\$ 823,101

*Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District informal policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. No more than 5% of all funds may be invested in securities of a corporation that has been in continuous operation for less than three years. No more than 5% of the outstanding voting securities of any one corporation may be held. In addition, Rule 2 limits investment concentrations in certain types of investments. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

*Custodial Credit Risk*

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a formal policy for custodial credit risk. As of December 31, 2006, the District had \$823,101 invested in the Public Treasurer's Investment Fund and was held by them.

3. **WATER RIGHTS**

Under the terms of a contract entered into in May of 1962, (amended and supplemented in November 1972) the Bureau of Reclamation of the United States Department of the Interior ("United States") agreed to construct for the benefit of the District, certain irrigation works in Emery County commonly known as Joe's Valley Dam and Reservoir and Huntington North Dam and Reservoir, for the storage, diversion, and beneficial use of the Cottonwood Creek and Huntington Creek watershed. The contract rights consist of irrigation rights, industrial right, and municipal rights.

3. **WATER RIGHTS (Continued)**

The District had contracted to pay the United States \$2,433,600 of the construction cost of the Joe's Valley Dam and Reservoir for the irrigation rights with no interest charged against the repayment obligation. The District has also contracted to pay the United States \$4,440,000 in annual payments of \$120,000 with an interest component of 3.046%, for the right to use not more than 6,000 feet of project water for industrial purposes. Removing the interest component from the \$4,440,000 would leave the amount of \$2,331,000 as the principal obligation.

During 1987, Utah Power & Light Company and Castle Valley Special Service District sought and acquired relinquishments from individuals using Project Irrigation Water in Huntington-Cleveland Irrigation Company and the Cottonwood Creek Consolidated Irrigation Company. The respective irrigation companies were willing to relinquish the use of Project Irrigation Water to the District for allocation to Utah Power & Light Company and Castle Valley Special Service District.

During 1994, Castle Dale and Orangeville cities sought and acquired relinquishments from individuals using Project Irrigation Water in Huntington-Cleveland Irrigation Company and the Cottonwood Creek Consolidated Irrigation Company. The respective irrigation companies were willing to relinquish the use of Project Irrigation Water to the District for allocation to Castle Dale and Orangeville Cities for municipal use. After project water was reallocated to industrial and municipal purposes the contract rights changed to:

Irrigation right	\$ 2,295,383
Industrial right	5,519,805
Municipal right	136,875

When project water was reallocated, the District's repayment schedules were also changed to reflect the adjustment to each right and their responsibility for payment of original project costs. The irrigation water allocated to Utah Power & Light Company as industrial water is to be used at either plant, primarily for a water supply at the Hunter Plant. The irrigation water allocated to Castle Valley Special Service District, Castle Dale City and Orangeville City is to be used by municipalities, special districts or individuals for domestic purposes.

In consideration of the covenants made Utah Power & Light Company paid to the United States \$2,917,809. The payment entitles Utah Power & Light the use of an additional 2,576 acre-feet of Project Water annually for power production. This brings Utah Power & Light Company's industrial water right to 8,576 acre-feet.

In consideration of covenants made, Castle Valley Special Service District will pay \$4,062 annually for 34 years to the U.S. Bureau of Reclamation by way of Emery Water Conservancy District. The interest component is equal to 3.046%. This payment is to cover \$85,279 of reservoir construction costs and interest associated with the 189 acre-feet of water that Castle Valley Special Service District is entitled to use for domestic purposes.

In consideration of covenants made, Castle Dale and Orangeville cities will respectfully pay \$1,051 and \$860, annually for 27 years to the U.S. Bureau of Reclamation by way of Emery Water Conservancy District. These payments are to cover \$51,596 of reservoir construction costs associated with the 100 acre feet of water that Castle Dale City and Orangeville City is entitled to use for municipal purposes.

3. **WATER RIGHTS (Continued)**

Because of allocated water supply and construction costs to municipalities, the irrigation obligation has been reduced by \$5,975 during 1994. After the 1994 change, the water supply was allocated as follows:

Cottonwood	4,761 acre-feet
Huntington-Cleveland	14,474 acre-feet
Industrial	8,576 acre-feet
Municipal	<u>289 acre-feet</u>
Total water supply	<u>28,100 acre-feet</u>

4. **RELATED PARTY TRANSACTIONS**

Emery Water Conservancy District contracts with the Johansen and Tuttle Engineering firm for engineering services. One of the principals of Johansen and Tuttle Engineering is a member of the Board of Trustees of Emery Water Conservancy District. The District paid \$101,618 to Johansen & Tuttle Engineering for services rendered for the year ended December 31, 2006.

Earl Fillmore is a member of the Board of Trustees of Emery Water Conservancy District and he worked on the CCH Canal Lining Project. He was paid \$1,870 for his work on the CCH Canal Lining Project.

Kash Winn is a member of the Board of Trustees of Emery Water Conservancy District and he is the owner of KV Fencing. The District paid KV Fencing \$66,398 for services rendered for the year ended December 31, 2006.

5. **RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To cover these liabilities, the District has contracted with commercial insurance companies. The District pays an annual premium for this coverage.



**6. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 78,163			\$ 78,163
Water rights	7,952,063			7,952,063
Work in progress		\$ 5,000		5,000
<b>Total capital assets not being depreciated</b>	<b>\$ 8,030,226</b>	<b>\$ 5,000</b>	<b>\$ ...</b>	<b>\$ 8,035,226</b>
Capital assets being depreciated:				
Buildings	\$ 52,030			\$ 52,030
Building improvements	22,475			22,475
Land improvements	213,624	\$ 196,602		410,226
Equipment	1,229,853	98,546		1,328,399
<b>Total capital assets being depreciated</b>	<b>\$ 1,517,982</b>	<b>\$ 295,148</b>	<b>\$ ...</b>	<b>\$ 1,813,130</b>
Less accumulated depreciation for:				
Buildings	\$ 36,630	\$ 1,735		\$ 38,365
Building improvements	14,535	1,498		16,033
Land improvements	81,284	18,485		99,769
Equipment	585,503	188,445		773,948
<b>Total accumulated depreciation</b>	<b>\$ 717,952</b>	<b>\$ 210,163</b>	<b>\$ ...</b>	<b>\$ 928,115</b>
<b>Total capital assets, being depreciated, net</b>	<b>\$ 800,030</b>	<b>\$ 84,985</b>	<b>\$ ...</b>	<b>\$ 885,015</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 8,830,256</b>	<b>\$ 84,985</b>	<b>\$ ...</b>	<b>\$ 8,920,241</b>

## 7. LONG-TERM DEBT

Annual debt service requirements to maturity for notes payable are as follows:

Year Ending December 31,	Business-type Activities			Total
	Industrial Obligation	Irrigation Obligation	Municipal Obligation	
2007	\$ 100,230	\$ 42,566	\$ 4,580	\$ 147,376
2008	103,282	42,566	4,661	150,509
2009	106,429	42,566	4,745	153,740
2010	109,670	42,566	4,831	157,067
2011	113,001	42,566	4,920	160,487
2012-2016	116,503	212,830	26,032	355,365
2017-2021		176,231	20,822	197,053
Total	<u>\$ 649,115</u>	<u>\$ 601,891</u>	<u>\$ 70,591</u>	<u>\$ 1,321,597</u>

**Obligations** - Obligations payable at December 31, 2006, with their outstanding balance are comprised of the following three items.

\$2,331,000 Industrial Obligation, due in annual payments of \$120,000 with an interest component of 3.046%, issued November 1972. \$ 649,115

\$2,349,158 Irrigation Obligation, due in annual payments of \$42,566 at an interest rate of zero percentage, issued November 1972 and amended September 1987. 601,891

\$136,875 Municipal Obligation, due in annual payments at an interest rate of 3.046%, \$4,062 from Castle Valley Special Services for 34 years issued 1987, \$1,051 from Castle Dale for 27 years issued July 1994, and \$860 from Orangeville for 27 years issued July 1994. 70,591

Total Obligations \$1,321,597

7. **LONG-TERM DEBT (Continued)**

A contract was entered into by the District with the Bureau of Reclamation of the United States Department of the Interior for the construction of certain irrigation works in Emery County commonly known as Joe's Valley Dam and Reservoir and Huntington North Dam and Reservoir, for the storage, diversions, and beneficial use of the Cottonwood Creek and Huntington Creek watershed. The District received Industrial, Irrigation, and Municipal water rights in exchange for the financial obligations.

**Changes in long-term liabilities**

Long-term liability activity for the year ended December 31, 2006, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type activities:</b>					
Notes payable:					
Obligations	<u>\$ 1,465,931</u>	<u>\$ ...</u>	<u>\$ (144,334)</u>	<u>\$ 1,321,597</u>	<u>\$ 147,376</u>

8. **RESTRICTED NET ASSETS**

**Emergency Reserve**

As part of the May 1962 contract, a reserve fund for operations and maintenance is to be accumulated and maintained by the District. This reserve shall be available for the purpose of meeting the extraordinary and unforeseen cost of operation and maintenance of the project works, which are determined to be costs in excess of the ordinary costs of such operations and maintenance. The reserve is shown in the financial statements as a segregation of net assets. Cash equal to the amount of the reserve balance have also been restricted. The emergency reserve amounted to \$174,631 at December 31, 2006 and is held in a Public Treasurers Investment Fund.

9. **PENSION**

**Local Governmental - Cost Sharing**

**Plan Description.** Emery Water Conservancy District contributes to the Local Governmental Noncontributory Retirement System, a cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems. Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

**Funding Policy.** In the Local Governmental Noncontributory Retirement System Emery Water Conservancy District was required to contribute 11.09% from January 2006 to June 2006 and 11.59% from July 2006 to December 2006 of their annual employees covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Emery Water Conservancy District's contributions to the Noncontributory Retirement System for December 31, 2006, 2005 and 2004 were \$8,765.32, \$8,349.12 and \$7,551.93 respectively. The contributions were equal to the required contributions for each year.

10. **MAJOR TAXPAYER**

Emery Water Conservancy District derives significant revenues from property taxes. Rocky Mountain Power is a major taxpayer in Emery County. According to county estimates, Rocky Mountain Power supplies fifty nine percent of taxes paid to the District.

11. **PROPERTY TAX CALENDAR**

The District adopts, by June 22, the proposed tax rates as part of its budget for the current year, which began January 1. If the proposed rates exceed a certified tax rate, a special public hearing must be held before the final rate is adopted. The final tax rate is assessed, by the county assessor, on property in the County on the prior January 1. The taxes are payable to the county treasurer by the end of November and are remitted to the District by the county treasurer as collected.

**12. DEFERRED COMPENSATION**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 401(k). This plan, available to all full-time employees, permits them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participating. Employer contributions to the Section 401(k) plan totaled \$1,684.99 for the year ended December 31, 2006. The assets of the plan are administered and held by URS, a third party administrator.

**13. USE OF ESTIMATES**

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

# SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

Phone (435) 637-1203 • FAX (435) 637-8708

CRAIG G. SMUIN, C.P.A.

R. KIRT RICH, C.P.A.

GREG MARSING, C.P.A.

DOUGLAS RASMUSSEN, C.P.A.

MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

## Board of Directors

Emery Water Conservancy District

Castle Dale, Utah 84078

RE: Report on Compliance and on Internal  
Control Over Financial Reporting Based  
on an Audit of Financial Statements Per-  
formed in Accordance With Government  
Auditing Standards

We have audited the financial statements of the business-type activities of Emery Water Conservancy District as of and for the year ended December 31, 2006, which comprise the District's basic financial statements and have issued our report thereon dated May 31, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

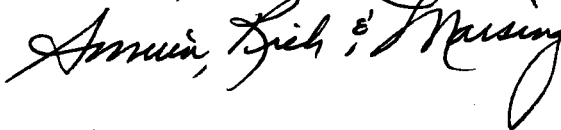
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

We noted no matters that we feel needed to be reported to management of Emery Water Conservancy District.

This report is intended solely for the information and use of the audit committee, management and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

SMUIN, RICH & MARSING

A handwritten signature in cursive script that reads "Smuin, Rich & Marsing". The signature is written in dark ink and is positioned below the printed name of the firm.

Price, Utah

May 31, 2007

**SMUIN, RICH & MARSING**

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

Phone (435) 637-1203 • FAX (435) 637-8708

CRAIG G. SMUIN, C.P.A.  
R. KIRT RICH, C.P.A.  
GREG MARSING, C.P.A.  
DOUGLAS RASMUSSEN, C.P.A.

MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees  
Emery Water Conservancy District  
Castle Dale, Utah 84513

Re: Report on Legal Compliance with Applicable  
Utah State Laws and Regulations

Ladies/Gentlemen:

We have audited the accompanying financial statements of the business-type activities of Emery Water Conservancy District for the year ended December 31, 2006, and have issued our report thereon dated May 31, 2007. Our audit included testwork on the District's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt  
Cash Management  
Purchasing Requirements  
Budgetary Compliance

Truth in Taxation &  
Property Tax Limitations  
Special Districts  
Other General Compliance Issues

The District did not receive any major or nonmajor State grants during the year ended December 31, 2006.

The management of Emery Water Conservancy District is responsible for the District's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

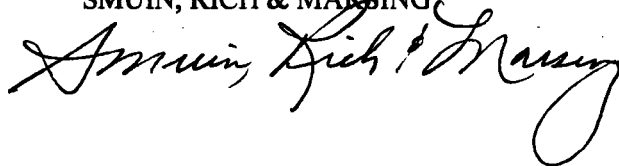
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.



In our opinion, the District complied, in all material respects, with the general compliance requirements identified above for the year ended December 31, 2006.

SMUTN, RICH & MARSING

A handwritten signature in cursive script, appearing to read "Smutin, Rich & Marsing", written in dark ink.

Price, Utah

May 31, 2007